

**HOUSING AUTHORITY OF
ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA**

**Annual Financial Report
For the Year Ended
September 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/8/11

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REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of St. John the Baptist Parish
LaPlace, Louisiana

We were engaged to audit the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of St. John the Baptist Parish (the "Housing Authority") as of September 30, 2010 and for the year then ended, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management.

The basic accounting and reporting systems for revenues, disbursements, accounts payables, accrued liabilities, payroll, and fixed assets were not effective during the year ended September 30, 2010 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses and capital asset balances on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority. We were also unable to obtain audit evidence of the activity of the transactions and resulting receivables and payables between funds. As a result, the accuracy and appropriateness of these inter-fund transactions and balances cannot be determined. Therefore, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We were unable to apply certain limited procedures, which ordinarily consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Supplemental HUD Financial Data Schedules and other information on pages 21 through 30 are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements. As explained in the second paragraph of this report, the scope of our work was not sufficient to enable us to express an opinion on the primary government financial statements. Similarly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Supplemental Schedules or the Schedule of Federal Awards.

Reboue & Company

March 31, 2011

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2010

Our discussion and analysis of the Housing Authority of St. John the Baptist Parish's financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended September 30, 2010.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the financial data to be presented.

FINANCIAL HIGHLIGHTS

Total expenses decreased approximately \$1,088,000. Total revenues decreased approximately \$2,945,000.

USING THIS ANNUAL FINANCIAL REPORT

The Housing Authority's annual financial report consists of financial statements that report information about the Housing Authority's most significant proprietary funds - Public Housing, Capital Fund, and Housing Choice Voucher (Section 8) Programs.

An outline of the Annual Financial Report's contents is as follows:

- I. Independent Auditor's Report
- II. Required Supplementary Information
 - A. Management's Discussion & Analysis (MD&A)
- III. Basic Financial Statements
- IV. Notes to the Financial Statements
- V. Supplemental Information
 - A. HUD Financial Data Schedule
 - B. Schedule of Compensation Paid Board Members
- VI. Single Audit Section

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2010**

A user of this report should read the Independent Auditor's Report on page 1 carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. All Housing Authority funds are enterprise funds.

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication. The operating results are presented in the Statement of Revenues, Expenses, and Changes in Fund Net Assets and changes in cash are reflected in the Statement of Cash Flows.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$4,074,332 at September 30, 2010. Of this amount, \$6,144,207 was invested in capital assets, and \$(2,069,875) was unrestricted. Total net assets decreased by 17%.

As we noted earlier, the Housing Authority uses funds to help it oversee and demonstrate adequate management of money for particular purposes. A separate fund is established to account for Public Housing Capital Expenditures. The following analysis focuses on the net assets and the change in net assets of the Housing Authority as a whole.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2010**

**Table 1
Net Assets**

	<u>2010</u>	<u>2009</u>
Current assets	\$ 2,253,596	\$ 1,706,263
Capital assets, net	<u>6,144,207</u>	<u>4,370,278</u>
Total assets	<u>8,397,803</u>	<u>6,076,541</u>
Current liabilities	4,323,471	1,169,044
Noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>4,323,471</u>	<u>1,169,044</u>
Net Assets		
Invested in capital assets, net of related debt	6,144,207	4,370,278
Unrestricted (deficit)	<u>(2,069,875)</u>	<u>537,219</u>
Total net assets	<u>\$ 4,074,332</u>	<u>\$ 4,907,497</u>

**Table 2
Changes in Net Assets**

Operating revenues		
Rental and other	\$ 433,052	\$ 427,587
Total operating revenues	<u>433,052</u>	<u>427,587</u>
Nonoperating revenues (expenses)		
Interest earnings	1,756	3,875
Federal grants and subsidies	2,837,238	5,419,022
Other revenue	41,792	401,334
Other expenses	<u>(2,308,974)</u>	<u>(2,661,992)</u>
Total nonoperating revenues (expenses)	<u>571,812</u>	<u>3,162,239</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2010**

	<u>2010</u>	<u>2009</u>
Expenses		
Operating Expenses		
Administration	\$ 867,000	\$ 850,714
Utilities	508,271	347,497
Maintenance	328,269	558,874
General Expense	134,489	395,859
Depreciation	-	419,541
Protective Services	-	400
	<hr/>	<hr/>
Total Operating Expenses	1,838,029	2,572,885
	<hr/>	<hr/>
Net income (loss) before capital contributions	(833,165)	1,016,941
	<hr/>	<hr/>
Capital contributions	-	-
	<hr/>	<hr/>
Increase (decrease) in net assets	<u>\$ (833,165)</u>	<u>\$ 1,016,941</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
September 30, 2010**

CAPITAL ASSETS

At September 30, 2010, the Housing Authority had approximately \$6 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

Capital Assets at September 30, 2010:

	<u>2010</u>	<u>2009</u>
Land	\$ 171,875	\$ 171,875
Buildings	14,587,840	12,870,607
Building Improvements	1,425,388	1,427,553
Furniture and Equipment	688,635	629,774
Construction in Progress	<u>-</u>	<u>-</u>
Subtotals	<u>16,873,738</u>	<u>15,099,809</u>
Less accumulated depreciation	<u>(10,729,531)</u>	<u>(10,729,531)</u>
Fixed Assets, Net	<u>\$ 6,144,207</u>	<u>\$ 4,370,278</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Housing Authority is primarily dependent upon HUD for the funding of its operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. Based on a consolidated review performed by HUD, the Housing Authority may be required to refund approximately \$1 million dollars received through grants if they are unable to provide supporting documentation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in the Housing Authority's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, LaPlace, LA 70068.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH

LAPLACE, LOUISIANA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2010

	Business-type Activities - Enterprise Funds					Total
	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program		
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 179,430	\$ 850	\$ -	\$ -	\$ 180,280	
Accounts Receivable from Tenants, Net of Allowance	(8,927)	938,987	315,711	-	1,245,771	
Advances to Other Contracts	-	357,697	(171,136)	429,843	616,404	
Due from HUD	-	-	-	-	-	
Inventory	5,421	-	-	-	5,421	
Prepaid Expenses and Other Assets	190,156	-	15,564	-	205,720	
Total Current Assets	366,080	1,297,534	160,139	429,843	2,253,596	
CAPITAL ASSETS						
Capital Assets Not Being Depreciated	171,875	-	-	-	171,875	
Capital Assets (Net of Accumulated Depreciation)	2,649,441	-	3,322,891	-	5,972,332	
Total Capital Assets, Net	2,821,316	-	3,322,891	-	6,144,207	
Total Assets	\$ 3,187,396	\$ 1,297,534	\$ 3,483,030	\$ 429,843	\$ 8,397,803	

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH

LAPLACE, LOUISIANA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS (CONTINUED)

September 30, 2010

	Business-type Activities - Enterprise Funds				
	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program	Total
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 31,805	\$ -	\$ 297,608	\$ -	\$ 329,413
Advances from Other Contracts	191,609	531,394	24,552	-	747,555
Bank Overdraft	-	2,758,595	432,020	-	3,190,615
Compensated Absences	28,073	-	-	-	28,073
Tenant Deposits Held in Trust	22,630	-	-	-	22,630
Other Liabilities	-	-	5,185	-	5,185
Total Current Liabilities	274,117	3,289,989	759,365	-	4,323,471
NONCURRENT LIABILITIES					
Compensated Absences Payable	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-
Total Liabilities	274,117	3,289,989	759,365	-	4,323,471
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	2,821,316	-	3,322,891	-	6,144,207
Unrestricted (Deficit)	91,963	(1,992,455)	(599,226)	429,843	(2,069,875)
Total Net Assets	\$ 2,913,279	\$ (1,992,455)	\$ 2,723,665	\$ 429,843	\$ 4,074,332

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds				
	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program	Total
OPERATING REVENUES					
Dwelling Rental	\$ 433,052	\$ -	\$ -	\$ -	\$ 433,052
Total Operating Revenues	433,052	-	-	-	433,052
OPERATING EXPENSES					
Administration	680,256	101,552	85,192	-	867,000
Utilities	508,271	-	-	-	508,271
Maintenance	328,269	-	-	-	328,269
General Expense	134,489	-	-	-	134,489
Depreciation Expense	-	-	-	-	-
Protective Services	-	-	-	-	-
Total Operating Expenses	1,651,285	101,552	85,192	-	1,838,029
Loss From Operations	(1,218,233)	(101,552)	(85,192)	-	(1,404,977)

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA**

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET ASSETS

PROPRIETY FUNDS (CONTINUED)

For the Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds					Total
	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program		
NON OPERATING REVENUES						
(EXPENSES)						
Federal Grants	\$ 1,394,789	\$ 223,473	\$ 1,224,345	\$ (5,369)	\$ 2,837,238	
Other Revenue	(7,017)	48,809	-	-	41,792	
Gain or Loss on sale of fixed assets	-	-	-	-	-	
Extraordinary Maintenance	(1,244)	-	-	-	(1,244)	
Interest Income	1,528	228	-	-	1,756	
Housing Assistance Payments	-	(1,443,209)	-	(864,521)	(2,307,730)	
Total Non Operating Revenues (Expenses)	1,388,056	(1,170,699)	1,224,345	(869,890)	571,812	
NET INCOME (LOSS)						
BEFORE TRANSFERS						
AND CONTRIBUTIONS						
Transfers	-	-	-	-	-	
Change in net assets	169,823	(1,272,251)	1,139,153	(869,890)	(833,165)	
Net Assets, Beginning of Year	2,743,456	149,686	1,584,512	429,843	4,907,497	
Net Assets, End of Year	\$ 2,913,279	\$ (1,122,565)	\$ 2,723,665	\$ (440,047)	\$ 4,074,332	

The notes to the financial statements are an integral part of this statement.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA**

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>				
	<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>Other Federal Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Rental Receipts	\$ 470,482	\$ (938,987)	\$ -	\$ -	\$ (468,505)
Payments to Vendors	(1,436,617)	2,758,395	348,466	-	1,670,444
Payments to Employees	(297,152)	(101,552)	(24,552)	-	(423,256)
Net Cash Provided by (Used in) Operating Activities	(1,263,287)	1,718,056	323,914	-	778,683
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Federal Grant Income	1,394,789	223,473	1,224,345	864,521	3,707,128
Other Receipts (Payments)	(7,017)	(2,264,290)	-	(864,521)	(3,135,828)
Transfers	(98,462)	32,594	197,019	-	131,151
Net Cash Provided by (Used in) Non-Capital Financing Activities	1,289,310	(2,008,223)	1,421,364	-	702,451
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Fixed Assets	(28,651)	-	(1,745,278)	-	(1,773,929)
Net Cash Used in Capital and Related Financing Activities	(28,651)	-	(1,745,278)	-	(1,773,929)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income	1,528	228	-	-	1,756
Net Cash Provided by Investing Activities	1,528	228	-	-	1,756
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,100)	(289,939)	-	-	(291,039)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	180,530	290,789	-	-	471,319
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 179,430	\$ 850	\$ -	\$ -	\$ 180,280

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2010

	Business-type Activities - Enterprise Funds					Total
	Low Rent Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Other Federal Program		
Operating Loss	\$ (1,218,233)	\$ (101,552)	\$ (85,192)	\$ -	\$ -	\$ (1,404,977)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:						
Depreciation	-	-	-	-	-	-
Change in Assets and Liabilities:						
Decrease in Accounts Receivable from Tenants	34,527	(938,987)	-	-	-	(904,460)
Increase in Prepaid Expenses	(23,102)	-	(15,564)	-	-	(38,666)
Decrease (Increase) in Inventory	-	-	-	-	-	-
Increase (Decrease) in Bank Overdraft	(18,458)	2,758,595	424,670	-	-	3,164,807
Increase (Decrease) in Accounts Payable and Accrued Expenses	(40,924)	-	-	-	-	(40,924)
Increase (Decrease) in Other Liabilities	2,903	-	-	-	-	2,903
Increase (Decrease) in Compensated Absences	-	-	-	-	-	-
Net Cash Provided by (Used In) Operating Activities	\$ (1,263,287)	\$ 1,718,056	\$ 323,914	\$ -	\$ -	\$ 778,683

The notes to the financial statements are an integral part of this statement.

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of St. John the Baptist Parish's accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial principles. The following is a summary of significant policies:

1. REPORTING ENTITY

The Housing Authority of St. John the Baptist Parish (the "Housing Authority") was created to administer funds, through the issuance of bonds and U.S. Department of Housing and Urban Development (HUD) annual contribution contracts to promote decent, safe and sanitary housing for lower-income families that cannot afford standard private housing.

The Housing Authority has a five-member appointed Board of Commissioners and is headed by an Executive Director. It has the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes all funds of the Housing Authority.

As of September 30, 2010, the Housing Authority had the following number of units under its programs:

<u>Management Program</u>	<u>Grant ID No.</u>	<u>Number of Units</u>
PHA Owned Housing	FW-1422	310
Section 8 Programs		
Housing Choice Vouchers		317
DHAP		0
THU		20
DVP		0

Under the provisions of GASB Statement No. 14, the Housing Authority is considered a primary government. It is a special purpose government that has a separate governing body that is legally separate and is fiscally independent of other state and local governments.

In determining how to define the reporting entity, management has considered all potential component units. The determination that there were no component units in the reporting entity was made by applying the criteria set forth in Section 2100 and 600 of the Codification of the Government Accounting and Financial Reporting Standards and GASB Statement No. 14. These criteria include manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion,

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and organizations included in the reporting entity although the primary organization is not financially accountable.

2. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The accounting policies of the Housing Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority are rental charges to tenants. The Housing Authority has no governmental or fiduciary funds. All assets and liabilities associated with the proprietary funds' activities are included on its Statement of Net Assets.

The Housing Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

3. BUDGETS

The Housing Authority adopted budgets for all funds. The budget for the Capital Fund Program is a multiple-year budget.

HUD approves all budgets for HUD funded programs.

4. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include short-term investments with maturities of 90 days or less. In accordance with Louisiana Statutes, the Housing Authority maintains deposits at those depository banks authorized by the Housing Authority. All such depositories are members of the Federal Reserve System.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. INVESTMENTS

Investments are limited by La. R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments for financial reporting purposes. If the original maturities are 90 days or less, they are classified as cash equivalents.

6. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

Transactions between individual funds occur during the course of operations. The receivables and payables resulting from these transactions are classified as "advances to other contracts" and "advances from other contracts" on the Statement of Net Assets.

7. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Housing Authority's Statement of Net Assets.

8. CAPITAL ASSETS

Capital assets are recorded at historical cost and are depreciated over their estimated useful lives. Capital assets include all items costing over \$500. Estimated useful lives reflect management's estimates of how long the asset is expected to meet service demands. Depreciation expense is recorded using the straight-line method. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	40
Automotive Equipment	5
Furniture, Fixtures, and Other Equipment	3-7

9. ACCOUNTS RECEIVABLE FROM TENANTS

Accounts receivable from tenants are stated at net realizable value as required by generally accepted accounting principles. An allowance for doubtful accounts is used in the valuation of accounts receivable from tenants. As of September 30, 2010, the amount of \$72,895 was recorded as the allowance for doubtful accounts from tenants.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. COMPENSATED ABSENCES

The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to 300 hours of annual leave, which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his retirement or termination date.

11. DEFERRED REVENUE

The Housing Authority classifies as deferred revenues certain revenues under temporary programs that require a refund of any grants that are not expended during the period of the grant.

12. NET ASSETS

Restrictions, when appropriate, represent those portions of fund equity that are not appropriate for expenses and are legally segregated for a specific future use. There were no restrictions of net assets.

13. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

The Housing Authority maintains deposit accounts in a national bank. At September 30, 2010, the carrying amount of the Housing Authority's bank deposits was \$180,280 and the bank balance was \$79,857. The bank balance was covered by Federal depository insurance up to \$250,000. In compliance with State laws, any balances exceeding \$250,000 were secured by bank owned securities specifically pledged to the Housing Authority and held by an independent custodian bank jointly in the name of the Housing Authority and the depository bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010**

NOTE B - CASH AND INVETMENTS (CONTINUED)

State statutes authorize the Housing Authority to invest in the following types of securities:

1. Fully-collateralized certificates of deposit issued by commercial banks and savings and loan associations located within the State of Louisiana.
2. Direct obligations of the U.S. Government, including such instruments as treasury bills, treasury notes and treasury bonds.
3. Obligations of U.S. Government agencies that are deliverable on the Federal Reserve System.
4. Repurchase agreements in government securities in (2) and (3) above made with the primary dealers that report to and are regulated by the Federal Reserve Bank of New York.

The Housing Authority had no investments at September 30, 2010.

Interest income on cash and cash equivalents totaled \$1,756 for the year ended September 30, 2010.

NOTE C - CAPITAL ASSETS

Details of the Housing Authority's capital assets balances and current activity are as follows:

	Balance Oct. 1, 2009	Additions	Deletions	Balance Sept. 30, 2010
Land	\$ 171,875	\$ -	\$ -	\$ 171,875
Buildings	12,870,607	1,717,233	-	14,587,840
Building Improvements	1,427,553	-	(2,165)	1,425,388
Furniture and Equipment	629,774	58,861	-	688,635
Construction in progress	-	-	-	-
Subtotals	<u>15,099,809</u>	<u>1,776,094</u>	<u>(2,165)</u>	<u>16,873,738</u>
Less:				
Accumulated Depreciation	<u>(10,729,531)</u>	<u>-</u>	<u>-</u>	<u>(10,729,531)</u>
Fixed Assets, Net	<u>\$ 4,370,278</u>	<u>\$ 1,776,094</u>	<u>\$ (2,165)</u>	<u>\$ 6,144,207</u>

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010**

Depreciation expense was \$0 for the year ended September 30, 2010.

NOTE D - RETIREMENT PLAN

The Housing Authority has adopted a defined retirement plan under Section 401(a) of the Internal Revenue Code, with the following specifications and amendments to the Plan.

- a. All regular full-time employees are eligible to participate in the Plan after attaining age 18 and completing 6 months of continuous and uninterrupted employment with the Authority.
- b. Employee contributions are five percent (5%) of basic employee compensation. Such contributions and all increments and decrements attributable thereto shall be non-forfeitable.
- c. Employer contributions are seven and one-half percent (7.5%). Participating employees shall vest at the rate of twenty percent (20%) for each full year of continuous employment with the Housing Authority.
- d. The normal retirement date shall be the first day of the month following the participating employee's 60th birthday.
- e. This defined contribution plan is administered by a third party and they have full control of the funds on deposit in accordance with the above terms and conditions of the plan.

The Housing Authority's and covered employee's contributions to this Plan totaled approximately \$12,000 for the year ended September 30, 2010.

NOTE E - COMPENSATED ABSENCES

As of September 30, 2010, employees of the Housing Authority had accumulated \$28,073 of employee leave benefits which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$28,073
Additions	-
Deductions	-
Balance at end of year	<u>\$28,073</u>
Amounts due within one year	<u>\$28,073</u>

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2010

NOTE F - PAYMENT IN LIEU OF PROPERTY TAXES

In accordance with a cooperation agreement with the Parish of St. John the Baptist Parish, the Housing Authority is not required to pay property taxes. Instead, the Housing Authority is required to make payments in lieu of property taxes if and when funds may become available. No payments in lieu of property taxes were required nor made for the year ended September 30, 2010.

NOTE G - BOARD OF COMMISSIONERS' PER DIEM

The members of the Board of Commissioners of the Housing Authority are compensated for serving on the Board. Each member receives \$200 per month.

NOTE H - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables included in the Housing Authority's combined Statement of Net Assets under the captions "Advances to Other Contracts" and "Advances from Other Contracts" as of September 30, 2010.

	<u>Advances To</u>	<u>Advances From</u>
Public Housing	\$ -	\$ 191,609
Housing Choice Vouchers	357,697	531,394
Capital Fund Program	(171,136)	24,552
Disaster Housing Voucher Program	429,843	-
Total	<u>\$ 616,404</u>	<u>\$ 747,555</u>

NOTE I - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Housing Authority maintains commercial insurance to mitigate these risks.

NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2011, the date the financial statements were available to be issued. Based on a consolidated review performed by HUD, the Housing Authority may be required to refund approximately \$1 million dollars received through grants if they are unable to provide supporting documentation.

SUPPLEMENTAL INFORMATION

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HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - STATEMENT OF NET ASSETS DATA BY FUND
For the Year Ended September 30, 2010

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
ASSETS:						
CURRENT ASSETS:						
Cash:						
111.0	Cash - Unrestricted	\$ 153,461	\$ 850	\$ -	\$ -	\$ 154,311
113.0	Cash - Other Restricted	-	-	-	-	-
114.0	Tenant Security Deposit	25,969	-	-	-	25,969
100.0	Total Cash	179,430	850	-	-	180,280
Accounts and notes receivable:						
122.0	Accounts Receivable - HUD Other Projects	-	-	-	-	-
124.0	Accounts Receivable - Other Government	-	-	-	-	-
125.0	Accounts receivable - HUD	4,025	1,284	315,711	-	321,020
126.0	Accounts Receivable - Tenants	58,215	-	-	-	58,215
126.1	Allowance for Doubtful Accounts - Tenants	(72,895)	-	-	-	(72,895)
126.2	Accounts Receivable- Miscellaneous	1,519	937,703	-	-	939,222
128.0	Accounts Receivable- Fraud Recovery	209	-	-	-	209
129.0	Interfund Receivables	-	-	-	-	-
120.0	Total receivables, net of allowance for doubtful accounts	(8,927)	938,987	315,711	-	1,245,771
Current Investments						
131.0	Investments - Unrestricted	-	-	-	-	-
132.0	Investments - Restricted	-	-	-	-	-
142.0	Prepaid Expenses and Other Assets	190,156	-	13,564	-	203,720
143.0	Inventories	5,421	-	-	-	5,421
143.1	Allowance for Obsolete Inventories	-	-	-	-	-
144.0	Interprogram - Due From	0	357,697	(171,136)	429,843	616,404
150.0	TOTAL CURRENT ASSETS	\$ 365,080	\$ 1,297,534	\$ 160,139	\$ 429,843	\$ 2,253,596

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - STATEMENT OF NET ASSETS DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
NONCURRENT ASSETS						
Fixed Assets						
161	Land	\$ 171,875	-	\$ -	\$ -	171,875
162	Buildings	11,664,062	-	2,923,778	-	14,587,840
163	Furniture, Equipment & Machinery - Dwellings	45,713	-	103,736	-	149,449
164	Furniture, Equipment & Machinery - Administration	163,820	-	375,366	-	539,186
165	Leasehold Improvements	1,351,121	-	74,267	-	1,425,388
166	Accumulated Depreciation	(10,575,275)	-	(154,256)	-	(10,729,531)
167	CLP	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	2,821,316	-	3,322,891	-	6,144,207
171	Notes and Mortgages Receivable - Noncurrent	-	-	-	-	-
172	Notes and Mortgages Receivable - Past Due	-	-	-	-	-
174	Other Assets	-	-	-	-	-
176	Investment in Joint Ventures	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	2,821,316	-	3,322,891	-	6,144,207
190	TOTAL ASSETS	\$ 3,187,396	\$ 1,297,534	\$ 3,483,030	\$ 429,843	\$ 8,397,803

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - STATEMENT OF NET ASSETS BY FUND (CONTINUED)
For the Year Ended September 30, 2010**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
LIABILITIES AND EQUITY:						
LIABILITIES:						
CURRENT LIABILITIES:						
311	Bank Overdraft	\$ -	\$ 2,758,595	432,020	\$ -	\$ 3,190,615
312	Accounts Payable < 90 Days	1,303	-	297,608	-	298,911
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	33,553	-	-	-	33,553
322	Accrued Compensated Absences - Current	28,073	-	-	-	28,073
323	F.S.S. Escrow Liability	-	-	-	-	-
324	Accrued Contingency Liability	(3,051)	-	-	-	(3,051)
325	Accrued Interest Payable	-	-	-	-	-
331	Accounts Payable - HUD	-	-	-	-	-
332	Accounts Payable - Other Government	-	-	-	-	-
341	Tenant Security Deposits	22,630	-	-	-	22,630
342	Deferred Revenues	-	-	5,185	-	5,185
343	Current Portion of	-	-	-	-	-
	Long-Term Debt - Capital Projects	-	-	-	-	-
344	Current Portion of Long-Term Debt	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	-	-
347	Inter-Program - Due To	191,609	531,394	24,552	-	747,555
310	TOTAL CURRENT LIABILITIES	\$ 274,117	\$ 3,289,989	\$ 759,365	\$ -	\$ 4,323,471

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - STATEMENT OF NET ASSETS DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DIAP	TOTAL
NONCURRENT LIABILITIES						
351	Long-Term Debt,					
	Net of Current - Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
352	Long-Term Debt, Net of					
	of Current - Operating Borrowings	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	-	-	-	-	-
359	TOTAL NONCURRENT LIABILITIES	-	-	-	-	-
300	TOTAL LIABILITIES	274,117	3,289,989	759,365	-	4,323,471
EQUITY:						
501	Investment in General Fixed Assets		-	-	-	-
Contributed Capital:						
502	Project Notes (HUD)	-	-	-	-	-
503	Long-Term Debt - HUD Guaranteed	-	-	-	-	-
504	Net HUD PIHA Contributions	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-
507	Other Contributions	-	-	-	-	-
508	Total contributed capital	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	\$ 2,821,316	\$ -	\$ 3,322,891	\$ -	\$ 6,144,207

(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - STATEMENT OF NET ASSETS DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
	Reserved fund balance:					
509	Reserved for Operating Activities:	\$ -	\$ -	\$ -	\$ -	\$ -
510	Reserved for Capital Activities	-	-	-	-	-
511	Total reserved fund balance	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-
512	Undesignated	-	-	-	-	-
	Fund Balance/ Retained Earnings (Deficit)	-	-	-	-	-
512.1	Unrestricted Net Assets (Deficit)	91,963	(1,992,455)	(599,226)	429,843	(2,069,875)
513	TOTAL EQUITY	2,913,279	(1,992,455)	2,723,665	429,843	4,074,332
600	TOTAL LIABILITIES AND EQUITY	\$ 3,187,396	\$ 1,297,534	\$ 3,483,030	\$ 429,843	\$ 8,397,803

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY FUND
For the Year Ended September 30, 2010

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
REVENUE:						
703	Dwelling Rental Revenue	\$ 418,307	\$ -	\$ -	\$ -	\$ 418,307
704	Tenant Revenue - Other	14,745	-	-	-	14,745
705	Total tenant revenue	433,052	-	-	-	433,052
706	HUD PHA Grants	1,394,789	223,473	903,990	(5,369)	2,516,883
706.1	Capital Grants	-	-	320,355	-	320,355
708	Other Government Grants	-	-	-	-	-
711	Investment Income - Unrestricted	1,528	228	-	-	1,756
712	Mortgage Interest Income	-	-	-	-	-
714	Fraud Recovery	-	-	-	-	-
715	Other Revenue	(7,017)	48,809	-	-	41,792
716	Gain or loss on the sale of fixed assets	-	-	-	-	-
720	Investment Income - Restricted	-	-	-	-	-
700	TOTAL REVENUE	\$ 1,822,352	\$ 272,510	\$ 1,224,345	\$ (5,369)	\$ 3,313,838

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
EXPENSES:						
Administrative						
911	Administrative Salaries	\$ 167,225	\$ 101,552	24,552	\$ -	\$ 293,329
912	Auditing Fees	64,134	-	-	-	64,134
914	Compensated Absences	-	-	-	-	-
915	Employee Benefit Contributions - Administrative	129,927	-	-	-	129,927
916	Other - Operating Administrative	318,970	-	60,640	-	379,610
Utilities						
931	Water	328,426	-	-	-	328,426
932	Electricity	23,949	-	-	-	23,949
933	Gas	141,404	-	-	-	141,404
	Fuel	14,492	-	-	-	14,492
	Other Utilities	-	-	-	-	-
Ordinary Maintenance & Operation						
941	Ordinary Maintenance and Operations - Labor	183,560	-	-	-	183,560
942	Ordinary Maintenance and Operations - Materials & Other	86,980	-	-	-	86,980
943	Ordinary Maintenance and Operations - Contract Costs	57,729	-	-	-	57,729
945	Employee Benefit Contributions - Ordinary maintenance	-	-	-	-	-
952	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ -	\$ -

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.
(Continued)

HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DHAP	TOTAL
	General expenses					
961	Insurance Premiums	\$ 111,328	\$ -	\$ -	\$ -	\$ 111,328
962	Other General Expenses	23,185	-	-	-	23,185
964	Bad Debt - Tenant Rents	(24)	-	-	-	(24)
967	Interest Expense	-	-	-	-	-
968	Severance Expense	-	-	-	-	-
	TOTAL OPERATING EXPENSES	1,651,285	101,552	85,192	-	1,838,029
970	Excess Operating Revenue Over Operating Expenses	171,067	170,958	1,139,153	(5,369)	1,475,809
971	Extraordinary Maintenance	1,244	-	-	-	1,244
973	Housing assistance payments	-	1,443,209	-	864,521	2,307,730
974	Depreciation Expense	-	-	-	-	-
978	Dwelling Units Rent Expense	-	-	-	-	-
900	TOTAL EXPENSES	1,652,529	1,544,761	85,192	864,521	4,147,003
	OTHER FINANCING SOURCES					
1001	Operating Transfers In	-	-	-	-	-
1002	Operating Transfers Out	-	-	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	\$ 169,823	\$ (1,272,251)	\$ 1,139,153	\$ (869,890)	\$ (833,165)

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

(Continued)

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
HUD FINANCIAL DATA SCHEDULE - REVENUES AND EXPENSES DATA BY FUND (CONTINUED)
For the Year Ended September 30, 2010**

Line Item #	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	DIAP	TOTAL
Memo Account Information						
1101	Capital Contributions	\$ -	\$ -	\$ -	\$ -	-
1102	Debt Principal Payments - Enterprise Funds	-	-	-	-	-
1103	Beginning Equity	2,743,456	149,686	1,584,512	429,843	4,907,497
1104	Prior Period Adjustments and Equity Transfers	-	-	-	-	-

NOTE: Some amounts from this financial data schedule have been reclassified for presentation in the basic financial statements.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
PER DIEM PAID TO BOARD MEMBERS
For the Year Ended September 30, 2010**

The members of the Board of Commissioners are as follows:

<u>Commissioner</u>		<u>Annual Per Diem</u>
Mr. Allen Smith	Chairman	\$ 1,000
Ms. Paula M. Hart	Vice Chairman	1,000
Ms. Priscilla James		1,000
Mr. Arthur Smith		1,000
Mrs. Evelyn Williams		0

SINGLE AUDIT SECTION

REBOWE & COMPANY

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Housing Authority of St. John the Baptist Parish
LaPlace, Louisiana

We were engaged to audit the basic financial statements of the business-type activities and each major fund of the Housing Authority of St. John the Baptist Parish (the "Housing Authority") as of and for the year ended September 30, 2010, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated March 31, 2011. We did not express an opinion on these financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings questioned costs as item 2010-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-01. We did not express an opinion on the financial statements.

The Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Housing Authority's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Rebowe & Company

March 31, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Commissioners
Housing Authority of St. John the Baptist Parish
LaPlace, Louisiana

Compliance

We were engaged to audit the compliance of Housing Authority of St. John the Baptist Parish with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. Housing Authority of St. John the Baptist Parish's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on Housing Authority of St. John the Baptist Parish's compliance based on our audit.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of St. John the Baptist Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Our audit does not provide a legal determination on Housing Authority of St. John the Baptist Parish's compliance with those requirements.

We were unable to obtain sufficient documentation supporting the compliance of Housing Authority of St. John the Baptist Parish with Low-Income Housing, Housing Choice Voucher, Public Housing Capital Fund, and Disaster Housing Assistance Programs regarding Allowable

Activities, Eligibility, Equipment & Real Property Management and Reporting Requirements, Reporting, and Special Tests and Provisions, nor were we able to satisfy ourselves as to Housing Authority of St. John the Baptist Parish's compliance with those requirements by other auditing procedures. Therefore, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on compliance. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-3 through 2010-14.

Internal Control over Compliance

The management of Housing Authority of St. John the Baptist Parish is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Housing Authority of St. John the Baptist Parish's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of St. John the Baptist Parish's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be control deficiencies, significant deficiencies, or material weaknesses as defined below. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses as described in the accompanying Schedule of Findings and Questioned Costs as item 2010-01.

Housing Authority of St. John the Baptist Parish's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Housing Authority of St. John the Baptist Parish's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rebowe & Company

March 31, 2011

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA No.</u>	<u>Grant ID No.</u>	<u>Federal Program Expenditures</u>
U.S. Department of Housing And Urban Development			
Direct Programs:			
Low-Income Housing			
Operating Subsidy	14.850	LA 09500104S	\$ 1,652,681
Section 8 - Housing Choice Voucher	14.871	LA 181VO	1,544,760
Public Housing Capital Fund Program	14.872		<u>172,531</u>
Total			<u>3,369,972</u>
U.S. Department of Homeland Security			
Direct Programs:			
Disaster Housing Assistance Program	97.109		<u>864,521</u>
Total			<u>864,521</u>
Total of all Programs			<u>\$ 4,234,493</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2010**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal awards of the Housing Authority reporting entity as defined in Note 1 to the Housing Authority's basic financial statements. All federal awards were received directly from Federal Agencies.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority and is presented on the accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Revenues</u>
Low Rent Public Housing	\$ 1,394,789
Section 8- Housing Choice Voucher	223,473
Public Housing Capital Fund Program	1,224,345
Disaster Housing Assistance Program	<u>(5,369)</u>
Total	<u>\$ 2,837,238</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the related federal financial reports..

NOTE 5 - FEDERAL AWARDS

In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority's operating income from rents or income from investments (or other non-federal sources). In addition, the entire amount of operating subsidy received during the fiscal year is considered to be expended during the fiscal year.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2010**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses a disclaimer of opinion on the financial statements of the Housing Authority.
2. Significant deficiencies and material weaknesses were identified during the audit of the basic financial statements.
3. One instance of noncompliance material to the financial statements of the Housing Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit. The instance of noncompliance is described in the accompanying Schedule of Findings and Questioned Costs as item number 2010-01.
4. Significant deficiencies and material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Housing Authority expresses a disclaimer of opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for the Housing Authority are reported in this schedule in accordance with Section 510(a) of OMB Circular A-133. These findings are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-03 through 2010-14.
7. The following programs were identified as major programs:

<u>NAME OF FEDERAL PROGRAM</u>	<u>CFDA NUMBER</u>
Housing Choice Voucher Program	14.871
Public Housing Capital Fund Program	14.872
Disaster Housing Assistance Program	97.109
Public And Indian Housing	14.850

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The Housing Authority qualified as a high-risk auditee.
10. No management letter was issued for the year ended September 30, 2010.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2010-01 ACCOUNTING RECORDS & DOCUMENT RETENTION

Type of Finding: Internal Control – Material Weakness

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended September 30, 2010, which resulted in inadequate accounting records. Also, sufficient competent evidential matter could not be located due to improper record retention and organization.

Auditor's Recommendation

The Housing Authority should strive to maintain proper accounting documents and recording keeping.

Management's Response

The Housing Authority agrees with the auditor's finding and the Executive Director has hired a qualified accountant who is using the Tenmast System to maintain adequate accounting records.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-02 FAILURE TO COMPLY WITH STATE BID LAW

Type of Finding: Compliance

The Housing Authority is required to retain records for public bids for a minimum of six (6) years following the purchase or completion of work, in accordance with Louisiana Revised Statute 38:2212. Documentation such as requests for bids and bid proposals submitted are not being kept.

Auditor's Recommendation

The Housing Authority should retain all required bid law documentation for a minimum of six (6) years in accordance with Louisiana Bid Law.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

Management's Response

The Housing Authority agrees with the finding of the need for retaining records for public bids for a minimum of six years following the purchase or completion of work, in accordance with Louisiana Revised Statute 38:2212. The Executive Director or his designee will appoint a staff member to handle all procurement documentation and have staff accountable for bids, bid proposals and documentation.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

2010-03 FAILURE TO PERFORM BACKGROUND CHECKS ON TENANTS

Federal Program: All programs requiring a background check

Compliance Requirement: Tenant Eligibility

The Housing Authority is required to complete a background check on all household members over the age of 18 who will be assisted under any HUD program.

Of the 15 files tested for the Housing Choice Voucher Program, fourteen (14) did not have background checks. One (1) file had a notice from the Sheriff's office noting that the applicant may have a potential hit. There was no further documentation regarding the background check.

Of the 10 files tested for the Disaster Housing Assistance Program, ten (10) did not have background checks.

Auditor's Recommendation

The Housing Authority should complete background checks as required in a consistent manner and on a timely basis.

Management's Response

The Housing Authority will ensure that the vendor which is providing "applicant background checks" on behalf of other housing authorities will complete background checks on a timely basis. The Housing Authority is also working with the Parish's Sheriff office in the background process. The Executive Director or his designee will

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

review 100% of applicants on the waiting list contacted for "screening. " A copy of the Waiting List which shows they are "next" will be attached to the background check, prior to the applicant being processed to receive an apartment. Upon completion of the intake process, 100% of the applicant's file will be reviewed and the Lease signed by the Executive Director or his designee.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-04 CALCULATION OF PORTABILITY ADMINISTRATIVE FEES

Federal Program: 14.871 – Housing Choice Voucher Program
Compliance Requirement: Allowable Activities/Allowable Costs

Per the *Federal Register 24 CFR part 982.355*, the Housing Authority should bill the initial public housing authority an administrative fee in addition to the housing assistance payment when a tenant moves to another area ("ports"). The administrative fee, determined by HUD, is based on the Housing Authority's fair market rental rates and changes frequently. Due to the lack of documentation it is not possible to determine if the administrative fees are being updated with changes per HUD or if the administrative fees are complete and accurate.

Auditor's Recommendation

Documentation for Portability Fees and the related HAP payments should be maintained and reconciled to reflect updated administrative fees in accordance with HUD guidelines.

Management's Response

The Housing Authority is recalculating the Administrative fees for ports for fiscal year 2009-2010. The Executive Director or his designee will ensure changes in Fair Market Rents and Administrative Fees are current and are reconciled to ensure the "Rents & Fees" billed are in compliance.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

2010-05 ANNUAL INSPECTION OF DWELLING UNITS

Federal Program: 14.871 – Housing Choice Voucher Program
Compliance Requirement: Special Reporting

Per the *Federal Register 24 CFR part 982.405*, inspections on tenant units must be done at least annually. Not completing inspections on a timely basis could cause unsafe living conditions to exist in dwelling units.

Of the 15 files tested for the Housing Choice Voucher Program, one (1) tenant's inspection was missing, and one (1) tenant's inspection was not completed within one year.

Of the 15 files tested for the Housing Choice Voucher Program, two (2) units failed the inspection. It was noted that the Housing Authority does not keep a log of failed inspections. This is a requirement for the annual SEMAP certification. It was not possible to verify the number of failed inspections. The Housing Authority does not document failed inspections in an organized manner. This includes retaining copies of letters sent to tenants and landlords in the tenant's file.

Auditor's Recommendation

The Housing Authority should perform and document inspections annually during the tenant's recertification process. The Housing Authority should also begin tracking all failed inspections and document communication attempts with landlords and tenants in the tenant's file. The Housing Authority should also strive to have signed contracts with all landlords.

Management's Response

The Housing Authority is now performing annual IQS inspections concurrent with the tenant's recertification process, using the current HUD approved inspection report. All failed inspections are being entered into a separate "LOG" and monitored to ensure that the dwelling unit meets HQS compliance. A copy of written correspondence with the tenant and landlord is placed in respective files and in the failed unit "LOG."

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

2010-06 HOUSING ASSISTANCE PAYMENTS CONTRACT

Federal Program: 14.871 – Housing Choice Voucher Program

Compliance Requirement: Special Reporting

Per the *Federal Register 24 CFR part 982.151*, all landlords must sign a Housing Assistance Payments contract, Form HUD-52641. Not having a signed contract with the landlord could void the rental assistance coming from HUD for both the landlord and the Housing Authority's administrative fees.

Of the fifteen (15) files tested, two (2) contracts were not renewed and two (2) contracts were missing.

Auditor's Recommendation

The Housing Authority should have signed contracts with all landlords and update them as required by HUD.

Management's Response

The Housing Authority agrees with Auditor's findings and will follow the Federal Register 24 CFR part 982.151; all landlords will sign a Housing Assistance Payments contract, Form HUD-52641. The Housing Authority will comply with all HUD agreements for rental assistance and administrative fees.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-07 DEFICIENCIES IN TENANT FILE DOCUMENTATION

Federal Program: 14.871 – Housing Choice Voucher ("HCV") Program

Compliance Requirement: Eligibility

The Housing Authority, in order to comply with HCV requirements, must perform the following functions to verify and document the eligibility of the tenant and all other household members over the age of 18 ("the family") into the program:

1. Select all families from a managed waiting list. (*Federal Register 24 CFR sections 982.202 through 982.207*)
2. Calculate the family's housing assistance payment ("HAP") and utility assistance allowance through a third party verification of reported family income, the value of assets, expenses related to deductions from annual

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

- income and other factors that affect the determination of adjusted income or income-based rent. (*Federal Register 24 CFR section 982.516*)
3. Re-examine family income and composition at least once every 12 months using third party verification and adjust the family's HAP as necessary. (*Federal Register 24 CFR section 982.516*)
 4. The family must sign a HUD approved authorization for release of information form each time the Housing Authority performs a verification of information through a third party. (HUD Form 9886 or 9887) (*Federal Register 24 CFR section 982.516(g)*)
 5. The Housing Authority must submit a HUD Form 50058, Family Report, electronically to the HUD PIC system each time a change is made to the family's file. (*Federal Register 24 CFR part 908 and 24 CFR section 982.158*)
 6. The Housing Authority must perform a rent reasonableness test on the selected unit to determine if the rent is reasonable when compared to similar units. (*Federal Register 24 CFR section 982.507*)

Other required file documentation includes copies of birth certificates and social security cards for all family members.

Of the 15 files tested for the HCV program:

- The Housing Authority could not provide a Waiting List as of September 30, 2010.
- Five (5) tenant files did not have re-examinations of income.
- Four (4) tenant files did not have updated signed release of information forms. One (1) tenant file was missing signed release of information forms for a child over the age of 18 residing in the unit.
- Five (5) tenant files were missing a HUD Form 50058. Four files were missing an updated HUD Form 50058 after a change to the file.
- Fourteen (14) tenant files did not have proof of rent reasonableness. One (1) tenant file did not document rent reasonableness since 2006.
- Ten (10) tenant files did not have signed valid contracts between the tenants and the landlords. One (1) file was missing an amended contract.
- Four (4) tenant files were missing the utility allowance calculation. One (1) tenant file did not have a recalculation completed within a year, and one (1) tenant file did not have a recalculation performed when the rental payment was changed as a result of a change in employment.
- Five (5) files were missing a rent recalculation, and one (1) file did not have a recalculation after a change in rent.

Auditor's Recommendation

The Housing Authority needs to strengthen its tenant processing procedures and implement a stringent quality control review of tenant files. The Housing Authority

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

should devise a checklist for new tenant processing and recertification processing to assist staff members in completing tenant files.

Management's Response

The Housing Authority agrees with Auditor's findings and will strengthen its processing procedures and its quality control review for both new intake and recertification processing. There is now a procedure. The procedure will be developed into a written policy for adoption by the Board of Commissioners.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-08 MISCALCULATION OF HOUSING ASSISTANCE PAYMENTS

Federal Program: All voucher programs

Compliance Requirement: Allowable Costs

Of the fifteen (15) files tested for the HCV program:

- One (1) landlord received overpayment of rent. The amount overpaid was approximately \$179 for the month of September 2010.
- Four (4) files did not contain a current HAP payment; therefore, the calculation of the payments could not be tested.

Of the ten (10) files tested for the DHAP program:

- Files could not be tested for proper calculations.

Auditor's Recommendation

It was noted that the Housing Authority is understaffed and not equipped to handle the workload that the DHAP programs entail. HUD does not specify how many vouchers should be assigned to staff, but Chapter 21 of the Housing Choice Voucher Program Guidebook provided statistical information. Typically, a housing authority the same size as the Housing Authority of St. John the Baptist Parish would have one full-time employee per 100 vouchers.

The Housing Authority should consider hiring at least one more full-time employee to assist with tenant processing and inspections for the HCV program. If this option does not appear to be feasible, the Housing Authority should consider out-sourcing tenant processing for voucher programs to a third party vendor.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

Management's Response

The Housing Authority agrees with the auditor's observation that the number of vouchers the Authority manages has exponentially increased in the past year however; the size of its staff has not. The Housing Authority will assess its staff and consider restructuring and make requests to the State Civil Service Department to acquire additional positions to assist in bringing Section 8 up to par.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-09 FAILURE TO FOLLOW OPERATING REQUIREMENTS

Federal Program: 97.109 – Disaster Housing Assistance Program

In accordance with the DRSC and *PIH Notice 2007-26*, the PHA must conduct a limited inspection in a reasonable time (as determined by the PHA) after the effective date of the DRSC to ensure that the unit's current condition does not contain any life-threatening deficiencies (as also determined by the PHA). Of the 10 files tested for the Disaster Housing Assistance Program, only three (3) tenants received inspections.

The Housing Authority did not perform a rent reasonableness test on any tenants in the DHAP program. In accordance with *PIH Notice 2007-26*, if the owner subsequently wishes to increase the rent in either case while the unit is under the DRSC, the PHA must determine that the proposed new rent is reasonable in accordance with this section. The PHA may not approve the rent increase if the resulting rent is not reasonable.

The Housing Authority did not document active/ongoing case management with DHAP Katrina participants. Housing Authority personnel stated that case management, besides the initial interview, was contracted out to Grace Community. No records were available to verify that Grace Community was conducting case management.

In accordance with *Notice PIH Notice 2007-26*, Incremental Rent Transition "IRT" should be implemented by the Authority by reducing the rental subsidy payment by \$50 starting the month of March 2008. Per *PIH Notice 2008-21*, phase 2 and 3 families will not have an IRT through March 1, 2009. Per HUD Transitional Closeout Plan Operating Requirements, provides a monthly rent subsidy to assist all eligible families with their transition out of DHAP-Katrina. The transitional rental payments "TRP" will be reduced by an additional \$100 every subsequent month until August 2009 and will be frozen at the August payment amount for the months of September and October 2009.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

The Housing Authority does not keep complete and accurate records to determine phase I, phase II or phase III families. Due to the lack of documentation at the Housing Authority and employee acknowledgement as to who was responsible for this program, it was not possible to determine which phase these families were in. There is potential that the Housing Authority miscalculated rent subsidies.

Auditor's Recommendation

The Housing Authority should implement periodic staff meetings to disseminate and discuss program related PIH Notices from HUD and any other federal guidelines that are unfamiliar to staff members.

Management's Response

The Housing Authority agrees with the Auditor's recommendation. The Housing Authority will hold biweekly meetings with staff to discuss and train them on program related Notices from HUD and other sources related to staff assignments. During this period of "crisis" the Authority did not have sufficient contact with HUD. It was a real learning experience with FEMA, HUD and housing authorities. In future, the Housing Authority will be better prepared to perform more timely and with better compliance.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-10 HUD REPORT 60002

**Federal Program: 14.850 – Public and Indian Housing Program and
14.871 – Housing Choice Voucher ("HCV") Program**

Each grant that is involved in development, operating or modernization assistance is required to submit HUD Form 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons. The Housing Authority did not complete and submit this report in 2010.

Auditor's Recommendation

The Housing Authority should train its employees on the reporting requirements of all federal programs.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

Management's Response

The Housing Authority agrees with Auditor's observation and will ensure that HUD form 60002 will be submitted timely.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-11 DEFICIENCIES IN TENANT FILE DOCUMENTATION

Federal Program: 14.850 – Public and Indian Housing Program

Compliance Requirement: Eligibility

In accordance with compliance supplement 14.850, the PHA must do the following:

1. As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 960.259).
2. For both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 960.259).
3. Determine income eligibility and calculate the tenant's rent payment using the documentation from third-party verification in accordance with 24 CFR part 5, subpart F (24 CFR sections 5.601 *et seq.*, and 24 CFR sections 960.253, 960.255, and 960.259).
4. Select tenants from the public housing waiting list (see III.N.1, "Special Tests and Provisions - Public Housing Waiting List") (24 CFR sections 960.206 and 960.208).
5. Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third-party verification (24 CFR sections 960.253, 960.257, and 960.259).

Of the twenty-five (25) files tested for the PHA program:

- Two (2) files were missing documentation of rent recalculation to determine if the proper amount of rent is being charged to the tenants as stated above in the compliance requirements in paragraphs c.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

- Eleven (11) of the files did not contain an income verification of the tenant as noted as a requirement above for compliance with the supplement paragraph b.
- Paragraph d states that tenants must be chosen from a waiting list. Five (5) instances were noted in the testing in which the tenant was not first on the list. Twelve (12) other instances were noted in which the file did not contain a copy of the waiting list at the time that the housing was given.
- Three (3) of the files did not contain a reexamination as noted as a requirement above for compliance with the supplement paragraph e.
- Two (2) of the files did not contain signed documentations as noted as a requirement above for compliance with the supplement paragraph a.

Auditor's Recommendation

The Housing Authority should train its employees on the reporting requirements of all federal programs.

Management's Response

The Housing Authority agrees with the Auditor's finding and will strengthen its processing procedures and its quality control review for both new intake and recertification processing. There is now a procedure. The procedure will be developed into a written policy for adoption by the Board of Commissioners.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish, 152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-12 MISSING TENANT FILES

**Federal Program: 14.871 – Housing Choice Voucher Program and
97.109 – Disaster Housing Assistance Program**

The Housing Authority, in order to comply with HUD requirements, must maintain tenant files with applicable documentation on all tenants enrolled in each program.

Of the twenty-five (25) files tested for the Housing Choice Voucher Program, ten (10) tenant files were missing.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

Of the twenty-five (25) files tested for the Disaster Housing Assistance Program, eight (8) tenant files were missing.

Auditor's Recommendation

The Housing Authority should maintain and track files for all tenants enrolled in housing assistance programs

Management's Response

The Housing Authority agrees with Auditor's observation. The Executive Director or a designee will do quality control on all tenant files and assure that the Housing Authority has a file cabinet with a lock for all tenant files.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-13 RECONCILIATION & DOCUMENTATION

Federal Program: 14.872 – Capital Fund Program

Compliance Requirement: Equipment and Real Property Management

The Housing Authority was unable to provide appropriate evidence to review the expenditures for capital projects. Supporting documentation could not be traced to specific ledger accounts due to incorrect coding of expenditures. No explanation was given as to why expenditures could not be tied to the appropriate accounts. Selections for testing were based on checks written from the capital fund cash account.

Of the twenty-five (25) expenditures tested for Capital Fund Program:

- One (1) file was missing a copy of the check written in the amount of \$1,184.

Auditor's Recommendation

The Housing Authority should reconcile expenditures to the appropriate capital fund project. The Housing Authority should also maintain proper documentation associated with capital expenditures such as invoices, check copies, and IRS Form 1099s.

**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended September 30, 2010**

Management's Response

The Housing Authority agrees with observation of Auditor's. The Housing Authority has hired an accountant to work with the Housing Authority bank in getting bank statements back in a timely matter to compile reports.

Contact Person

Mr. Dale Wolfe, Executive Director, Housing Authority of St. John the Baptist Parish,
152 Joe Parquet Circle, Laplace, Louisiana 70068, (985) 652-9036.

2010-14 FAILURE TO FOLLOW OPERATING REQUIREMENTS

Federal Program: 97.109 – Disaster Housing Assistance Program

Compliance Requirement: Special Tests and Provisions

The Housing Authority is required to maintain records that allow for the easy identification of families assisted under DHAP, and must report actual monthly leasing and expenditure for such families separately from housing choice voucher and DVP families under the Voucher Management System (VMS). The Housing Authority must maintain a separate DHAP register to record and control assistance payments for DHAP rent subsidies.

The Housing Authority was unable to provide an accurate listing of families assisted under DHAP in the 2010 fiscal year. Selections for testing were based on the listings provided; however, the files did not contain documentation to determine if the tenant received DHAP assistance in the 2010 fiscal year.

Auditor's Recommendation

The Housing Authority should maintain complete and accurate records to easily identify families assisted under DHAP.

Management's Response

The Housing Authority agrees with the Auditor's recommendation. The DHAP program ended in the 2010 fiscal year. The Housing Authority will train employees on the requirements of future programs.

Contact Person

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**HOUSING AUTHORITY OF ST. JOHN THE BAPTIST PARISH
LAPLACE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended September 30, 2010**

SECTION I. FINDINGS – FINANCIAL STATEMENT AUDIT

<u>Finding 2009-01 :</u> Internal Control	Unresolved. See Observation 2010-01
<u>Finding 2009-02 :</u> Internal Control	Resolved
<u>Finding 2009-03 :</u> Compliance	Resolved
<u>Finding 2009-04 :</u> Failure to Comply with State Bid Law	Unresolved. See Observation 2010-02

SECTION II . FINDINGS AND QUESTIONED UNITS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

<u>Finding 2009-05 :</u> Tenant Eligibility	Unresolved. See Observation 2010-03
<u>Finding 2009-06 :</u> Allowable Activities/Allowable Costs	Unresolved. See Observation 2010-04
<u>Finding 2009-07 :</u> Special Reporting	Unresolved. See Observation 2010-05
<u>Finding 2009-08 :</u> Special Reporting	Unresolved. See Observation 2010-06
<u>Finding 2009-09 :</u> Eligibility	Unresolved. See Observation 2010-07
<u>Finding 2009-10 :</u> Allowable Costs	Unresolved. See Observation 2010-08
<u>Finding 2009-11 :</u> Failure to Follow Operating Requirements	Unresolved. See Observation 2010-09
<u>Finding 2009-12 :</u> HUD Report 60002	Unresolved. See Observation 2010-10
<u>Finding 2009-13 :</u> Eligibility	Unresolved. See Observation 2010-11
<u>Finding 2009-14 :</u> Missing Tennant Files	Unresolved. See Observation 2010-12
<u>Finding 2009-15 :</u> Equipment and Real Property Management	Unresolved. See Observation 2010-13

SECTION III. OBSERVATIONS REPORTED IN THE MANAGEMENT LETTER

Not applicable.